

Agency Proposed Budget								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01
FTE	194.81	2.00	12.25	209.06	2.00	13.00	209.81	209.81
Personal Services	5,937,674	1,366,824	368,855	7,673,353	1,334,187	391,280	7,663,141	15,336,494
Operating Expenses	7,012,937	2,177,336	269,102	9,459,375	1,630,387	213,299	8,856,623	18,315,998
Equipment	371,272	(174,572)	0	196,700	(122,347)	0	248,925	445,625
Grants	27,187,664	5,959,827	8,071,200	41,218,691	6,461,510	10,485,320	44,134,494	85,353,185
Benefits & Claims	9,701	0	0	9,701	0	0	9,701	19,402
Transfers	0	0	0	0	0	0	0	0
Debt Service	6,239	5,615	0	11,854	2,869	0	9,108	20,962
Total Costs	\$40,525,487	\$9,335,030	\$8,709,157	\$58,569,674	\$9,306,606	\$11,089,899	\$60,921,992	\$119,491,666
General Fund	1,777,920	313,497	109,086	2,200,503	322,075	88,964	2,188,959	4,389,462
State/Other Special	10,291,436	3,644,154	233,428	14,169,018	2,845,325	235,149	13,371,910	27,540,928
Federal Special	28,456,131	5,377,379	8,366,643	42,200,153	6,139,206	10,765,786	45,361,123	87,561,276
Proprietary	0	0	0	0	0	0	0	0
Total Funds	\$40,525,487	\$9,335,030	\$8,709,157	\$58,569,674	\$9,306,606	\$11,089,899	\$60,921,992	\$119,491,666

Agency Description

The Department of Commerce is provided for in Title 2, Chapter 15, part 18, MCA. The Department's various programs support two major functional areas: 1) economic and community development; and 2) business and regulatory services. Economic and community development services include the following programs: Economic Development Division, Montana Promotion Division, Board of Investments, Montana Science and Technology Alliance, Montana Health Facility Authority, Housing Division, and Local Government Assistance Division. Business and regulatory services include the following programs: Financial Institutions Division, Professional and Occupational Licensing Division, Building Codes Division, Weights and Measures Bureau, Horseracing Bureau, and Legal and Consumer Affairs. The Department also oversees the operations of the Montana State Lottery.

Summary of Legislative Action

The legislature added \$38.4 million to the base for the biennium. Significant factors contributing to this growth are: 1) \$1.7 million state special revenue for Coal Board projects; 2) \$3.4 million federal special revenue for Community Development Block Grants; 3) \$7.4 million federal special revenue for Section 8 HOME grants; and 4) \$18.7 million federal special revenue to assist qualified tenants with converting existing project-based Housing and Urban Development housing contracts to tenant-based contracts.

Agency Discussion

The Executive Budget included requests for Department of Commerce economic development initiatives that totaled \$3.8 million for the biennium. The legislature addressed these and other economic development initiatives associated with the Governor's blueprint for economic development, "Jobs and Income - Investing in Montana Families" in legislation separate from HB 2. Please refer to the "Overview" volume of the "Legislative Fiscal Report 2001 Biennium" for a more thorough discussion of the economic development initiatives of the 1999 legislature.

One economic development initiative the legislature passed was HB 260. HB 260 established the Board of Research and Commercialization and attached it to the department for administrative purposes. HB 260 also established a research and commercialization expendable trust fund, provided a funding source for the fund, and established a statutory appropriation from the fund. This statutory appropriation increases funding in the department by \$10.5 million. This funding is not included in the tables for the department since it is an appropriation that is not included in HB 2.

Other Legislation

Senate Bill 27 - SB 27 directs the department to register and regulate telemarketers doing business in Montana. An adjustment was made to HB 2 to increase state special revenue by \$25,000 and general fund by \$215,688 for the biennium to implement SB 27.

Senate Bill 172 - SB 172 directs the department to review all applications for telecommunications infrastructure tax credits and forward the list of the telecommunication service providers that are eligible to receive tax credits to the Department of Revenue. An adjustment was made to HB 2 to increase general fund by \$15,000 for the biennium to implement SB 172.

Senate Bill 334 - SB 334 revised laws related to the Board of Outfitters and revised the membership and appointment procedures of the board. An adjustment was made to HB 2 to increase state special revenue by \$108,190 for the biennium to implement SB 334.

Senate Bill 502 - SB 502 increased the percentage of metalliferous mines license taxes allocated to the hard rock mining impact trust account from 1.5 percent to 2.5 percent. This account funds the operation of the Hard Rock Mining Board and was projected to have stability problems prior to the allocation increase.

House Bill 11 - HB 11 appropriates money to the department for financial assistance to local government infrastructure projects. HB 11, subject to the condition that HB 260 passed and was approved, appropriated \$12.6 million to the department to provide grants to local governments. Funding for the grants is from interest earnings of the treasure state endowment fund and the money allocated to the treasure state endowment account as a result of the passage of HB 260.

House Bill 73 - HB 73 revised license procedures for certain businesses and transferred functions of the Montana Small Business Licensing Coordination Act from the department to the Department of Revenue. An adjustment was made to HB 2 to reduce general fund by nearly \$33,000 for the biennium to implement HB 73.

House Bill 245 - HB 245 implemented a continuing education program related to affordable housing land use initiatives. An adjustment was made to HB 2 to increase state special revenue by \$54,400 for the biennium to implement HB 245.

House Bill 260 - HB 260 established: 1) a research and commercialization expendable trust fund; 2) a coal producer's license tax; 3) a statutory appropriation for allocating the coal producer's license tax; and 4) a Montana Board of Research and Commercialization. HB 260 also attached the Board of Research and Commercialization to the department for administrative purposes. Since the board is funded via a statutory appropriation, there are no direct HB 2 fiscal impacts to the department.

House Bill 321 - HB 321 required the Building Codes Division to inspect freight handling systems and dumbwaiters in addition to passenger elevators, escalators, moving walks, wheelchair lifts, and stairway chair lifts in buildings that service the public. The Governor added a contingent clause that voided HB 321 if funds were not appropriated to implement the requirements of the bill. The legislature failed to appropriate the requested funds (nearly \$120,000 state special revenue for the biennium). As such, HB 321 was voided.

House Bill 526 - HB 526 directed the department to regulate deferred deposit lending institutions. An adjustment was made to HB 2 to increase state special revenue by nearly \$130,000 for the biennium to implement HB 526.

House Bill 621 - HB 621 appropriated \$300,000 state special revenue for the biennium to the department for grants to local governments submitting proposals to locate the Venture Star project in Montana. Funding for the appropriation is from the research and commercialization account created by HB 260.

Agency Budget Comparison								
Budget Item	Base Budget Fiscal 1998	Executive Budget Fiscal 2000	Legislative Budget Fiscal 2000	Leg – Exec. Difference Fiscal 2000	Executive Budget Fiscal 2001	Legislative Budget Fiscal 2001	Leg – Exec. Difference Fiscal 2001	Biennium Difference Fiscal 00-01
FTE	194.81	211.06	209.06		212.06	209.81		
Personal Services	5,937,674	7,787,110	7,673,353	(113,757)	7,780,153	7,663,141	(117,012)	(230,769)
Operating Expenses	7,012,937	10,660,148	9,459,375	(1,200,773)	9,925,125	8,856,623	(1,068,502)	(2,269,275)
Equipment	371,272	196,700	196,700	0	248,925	248,925	0	0
Grants	27,187,664	41,685,338	41,218,691	(466,647)	44,604,408	44,134,494	(469,914)	(936,561)
Benefits & Claims	9,701	9,701	9,701	0	9,701	9,701	0	0
Transfers	0	0	0	0	0	0	0	0
Debt Service	6,239	11,854	11,854	0	9,108	9,108	0	0
Total Costs	\$40,525,487	\$60,350,851	\$58,569,674	(\$1,781,177)	\$62,577,420	\$60,921,992	(\$1,655,428)	(\$3,436,605)
General Fund	1,777,920	3,844,963	2,200,503	(1,644,460)	3,853,319	2,188,959	(1,664,360)	(3,308,820)
State/Other Special	10,291,436	14,179,638	14,169,018	(10,620)	13,236,875	13,371,910	135,035	124,415
Federal Special	28,456,131	42,326,250	42,200,153	(126,097)	45,487,226	45,361,123	(126,103)	(252,200)
Proprietary	0	0	0	0	0	0	0	0
Total Funds	\$40,525,487	\$60,350,851	\$58,569,674	(\$1,781,177)	\$62,577,420	\$60,921,992	(\$1,655,428)	(\$3,436,605)

Executive Budget Comparison

The legislative budget is \$3.4 million lower than the executive proposal. Significant factors for this difference were: 1) the legislature did not approve executive requests in HB 2 totaling \$3.8 million that were associated with economic development issues being addressed by related "jobs and incomes" legislation; 2) the legislature also did not approve \$35,945 general fund present law adjustments requested by the Local Government Services Division; 3) the legislature eliminated all authority for the Montana Science and Technology Alliance and added \$60,000 to the Board of Investments to manage the investments made by the alliance; and 4) the legislature added funding to implement "cat-and-dog" legislation that had fiscal impacts on the department.

Language

"The department shall set goals for each of the next 2 years for improving the following outcome indicators of the state's economy:

- (1) percent increase in per capita earnings;
- (2) percent increase in personal income;
- (3) percent increase in the number of livable wage jobs;
- (4) percent increase in manufacturing employment;
- (5) percent increase in economic value of agriculture;
- (6) percent decrease in number of multiple jobholders;
- (7) percent increase in value of the livestock industry; and
- (8) percent increase in revenue generated from film and advertisement production.

The department shall work with all economic development programs, the private sector, and others to reach these outcome goals. The outcome goals for each of the next 2 years must be set and listed on the department's internet website by July 1, 1999. The website must be updated every 6 months to show the progress toward meeting these outcome goals."

Program Proposed Budget								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01
FTE	11.00	.00	.00	11.00	.00	.00	11.00	11.00
Personal Services	373,136	7,175	0	380,311	5,750	0	378,886	759,197
Operating Expenses	160,766	4,205	0	164,971	3,152	0	163,918	328,889
Equipment	41,390	45,610	0	87,000	35,610	0	77,000	164,000
Total Costs	\$575,292	\$56,990	\$0	\$632,282	\$44,512	\$0	\$619,804	\$1,252,086
State/Other Special	575,292	56,990	0	632,282	44,512	0	619,804	1,252,086
Total Funds	\$575,292	\$56,990	\$0	\$632,282	\$44,512	\$0	\$619,804	\$1,252,086

Program Description

The Weights and Measures Division is responsible for licensing, inspecting, testing, and certifying all weighing or measuring devices used in commercial transactions in the State of Montana. The division enforces laws and regulations pertaining to quantity control of prepackaged goods and quality control of petroleum products. The division is also responsible for maintaining the state standards of mass and volume that are used to calibrate other mass or volume standards used in testing commercial devices. Division responsibilities are mandated in Title 30, Chapter 12, and Title 82, Chapter 15, MCA.

Funding

The Weights and Measures Division is funded entirely by state special revenue with revenue derived primarily from annual license fees levied against all commercial weighing or measuring devices such as scales or gas pumps that the bureau certifies on an annual basis. Additional funding (approximately 2.5 percent) comes from special inspection fees that are derived from charges for certification work at the bureau's standards lab and other special requests.

Present Law Adjustments		Fiscal 2000	Fiscal 2000	Fiscal 2000	Fiscal 2001	Fiscal 2001	Fiscal 2001
Present Law Description		FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
Statewide Present Law							
Personal Services				7,175			5,750
Inflation/Deflation				265			266
Fixed Costs				351			(558)
Total Statewide Adjustments				\$7,791			\$5,458
Present Law Adjustments							
201	W & M Equipment (HB0002)	.00	0	45,610	.00	0	35,610
202	W & M Administrative Costs (HB0002)	.00	0	3,770	.00	0	3,625
203	Fixed Cost Reductions	.00	0	(181)	.00	0	(181)
Total PL Adjustments		.00	\$0	\$49,199	.00	\$0	\$39,054
Present Law Adjustments Total				\$56,990			\$44,512

Present Law Adjustments

The table above shows the changes made by the legislature to the adjusted base budget. Statewide adjustments are standard categories of adjustments globally applied by the legislature to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 201 - W & M Equipment (HB0002) - The legislature increased state special revenue to purchase a second test cart and test weights and three pickups with toppers to replace existing units.

DP 202 - W & M Administrative Costs (HB0002) - The legislature increased state special revenue to pay for indirect costs for services the division received from the Director's Office/Management Services Division.

DP 203 - Fixed Cost Reductions - The legislature reduced state special revenue to adjust fixed costs for rate reductions that had statewide impacts.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01
FTE	25.25	2.00	3.00	30.25	2.00	2.50	29.75	29.75
Personal Services	775,310	207,957	89,973	1,073,240	205,047	75,938	1,056,295	2,129,535
Operating Expenses	341,613	199,768	34,027	575,408	219,711	30,762	592,086	1,167,494
Equipment	20,441	(20,441)	0	0	(20,441)	0	0	0
Total Costs	\$1,137,364	\$387,284	\$124,000	\$1,648,648	\$404,317	\$106,700	\$1,648,381	\$3,297,029
State/Other Special	1,137,364	387,284	124,000	1,648,648	404,317	106,700	1,648,381	3,297,029
Total Funds	\$1,137,364	\$387,284	\$124,000	\$1,648,648	\$404,317	\$106,700	\$1,648,381	\$3,297,029

Program Description

The Banking and Financial Institutions Division is responsible for the supervision, regulation, and examination of: 1) state-chartered banks, trust companies, savings and loans, and credit unions; 2) consumer loan and sales finance companies; 3) escrow companies; and 4) foreign capital depositories in accordance with Title 32, MCA. Specified lending areas of the Board of Investments are also examined annually. The purpose of the supervisory function is to investigate the methods of operation and determine if these institutions are operating in a safe and sound manner. Supervision of regulated financial businesses is accomplished through on-site safety and soundness examinations conducted by division examiners. Division responsibilities are mandated primarily in Titles 2, 31, and 32, MCA.

Funding

The division is funded with state special revenue generated from bank assessments and application fees, credit union supervisory and examination fees, consumer loan examination fees, consumer loan/sales finance licenses, and foreign capital depository application, charter, charter renewal, and examination (audit) fees.

Present Law Adjustments						
Present Law Description		Fiscal 2000 FTE	Fiscal 2000 General Fund	Fiscal 2000 Total Funds	Fiscal 2001 FTE	Fiscal 2001 General Fund
Statewide Present Law						
Personal Services				157,885		155,308
Inflation/Deflation				1,953		1,651
Fixed Costs				5,192		2,838
Total Statewide Adjustments				\$165,030		\$159,797
Present Law Adjustments						
3601	Consumer Loan Examination (HB0002)	3.00	0	173,959	3.00	0
3602	Division Accreditation (HB0002)	.00	0	0	.00	0
3603	Lease Replacement Vehicles (HB0002)	.00	0	(12,021)	.00	0
3605	Administrative Costs (HB0002)	.00	0	41,907	.00	0
3606	Examiner Travel (HB0002)	.00	0	18,681	.00	0
3607	Fixed Cost Reductions	.00	0	(272)	.00	0
3608	FTE Reduction	(1.00)	0	0	(1.00)	0
Total PL Adjustments		2.00	\$0	\$222,254	2.00	\$0
Present Law Adjustments Total				\$387,284		\$404,317

Present Law Adjustments

The table above shows the changes made by the legislature to the adjusted base budget. Statewide adjustments are standard categories of adjustments globally applied by the legislature to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 3601 - Consumer Loan Examination (HB0002) - The legislature added 3.00 FTE per year and increased state special revenue for consumer loan examiners.

DP 3602 - Division Accreditation (HB0002) - The legislature increased state special revenue for the division to contract with a nationally recognized accrediting organization to attain accreditation that shows the division operation is in compliance with specified standards.

DP 3603 - Lease Replacement Vehicles (HB0002) - The legislature reduced state special revenue to replace two agency-owned vehicles with State Motor Pool lease vehicles.

DP 3605 - Administrative Costs (HB0002) - The legislature increased state special revenue for administrative costs associated with a new telephone line and Internet service in the Billings office and to pay indirect costs for services the division receives for the Director's Office/Management Services Division.

DP 3606 - Examiner Travel (HB0002) - The legislature increased state special revenue for examination staff travel.

DP 3607 - Fixed Cost Reductions - The legislature reduced state special revenue to adjust fixed costs for rate reductions that had statewide impacts.

DP 3608 - FTE Reduction - The legislature reduced 1.00 FTE for each year and moved the associated funding from personal services to operating expenses.

New Proposals		Fiscal 2000		Fiscal 2000		Fiscal 2001	
Description	Fiscal 2000 FTE	Fiscal 2000 General Fund	Fiscal 2000 Total Funds	Fiscal 2001 FTE	Fiscal 2001 General Fund	Fiscal 2001 Total Funds	
3609 SB 482 - Mortgage Lender Regulation	1.50	0	57,000	1.00	0	44,000	
3610 HB 526 - Deferred Deposit Lending	1.50	0	67,000	1.50	0	62,700	
Total New Proposals	3.00	\$0	\$124,000	2.50	\$0	\$106,700	

New Proposals

DP 3609 - SB 482 - Mortgage Lender Regulation - The legislature approved state special revenue to implement SB 482. SB 482 requires the division to implement a new mortgage lender regulation program in Montana. In doing so, the legislature provided funding for 1.50 FTE in fiscal 2000 and funding for 1.00 FTE in fiscal 2001. The appropriation associated with SB 482 was made contingent upon SB 482 passing and being approved in a form that provides for regulation of mortgage lenders. Since SB 482 passed in a form that established an interim study of mortgage lenders, this appropriation is void.

DP 3610 - HB 526 - Deferred Deposit Lending - The legislature increased state special revenue to fund a program that resulted from the passage of HB 526. HB 526 directs the department to regulate deferred deposit lending institutions.

Language

"The department is appropriated in each of the fiscal years 2000 and 2001 up to \$1 million of state special revenue that is deposited in the foreign capital depository account for the purpose of processing charter applications and for the chartering, examination, and regulation of each foreign capital depository that obtains a charter under the provisions of 32-8-205, MCA."

"Item 2b [SB 482 – Mortgage Lender Regulation] is contingent on passage and approval of Senate Bill No. 482 in a form that provides for regulation of mortgage lenders."

"Item 2c [HB 526 – Deferred Deposit Lending Regulation] is contingent on passage and approval of House Bill No. 526."

Program Proposed Budget								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01
FTE	28.53	2.00	2.25	32.78	2.00	2.50	33.03	33.03
Personal Services	842,442	293,485	76,379	1,212,306	288,091	84,821	1,215,354	2,427,660
Operating Expenses	3,259,017	1,096,925	67,537	4,423,479	567,620	52,719	3,879,356	8,302,835
Equipment	0	0	0	0	0	0	0	0
Benefits & Claims	9,701	0	0	9,701	0	0	9,701	19,402
Debt Service	3,145	4,403	0	7,548	1,657	0	4,802	12,350
Total Costs	\$4,114,305	\$1,394,813	\$143,916	\$5,653,034	\$857,368	\$137,540	\$5,109,213	\$10,762,247
State/Other Special	4,114,305	1,394,813	143,916	5,653,034	857,368	137,540	5,109,213	10,762,247
Proprietary	0	0	0	0	0	0	0	0
Total Funds	\$4,114,305	\$1,394,813	\$143,916	\$5,653,034	\$857,368	\$137,540	\$5,109,213	\$10,762,247

Program Description

The Professional and Occupational Licensing (POL) Division provides the administrative and clerical services required by the 38 professional boards and occupational licensing programs authorized by state statutes. Services provided include correspondence, application processing, issuing and renewing licenses, administering and grading examinations, taking minutes of board meetings and hearings, and providing legal staff and investigators to investigate legal infractions. The work is mandated in Title 2, Chapter 15, part 18 and Titles 23, 37, and 50, MCA.

Funding

The licensing boards in the Professional and Occupational Licensing Division are funded from state special revenue obtained from license fees set by each board. Such areas include license application, examinations, license renewals, reciprocity, continuing education, and administrative costs.

Professional and Occupational Licensing Division administration costs are funded through assessments (recharges) on all boards and deposited in a proprietary fund. The average internal recharge rate is 35.6 percent of each board's revenues for the 2001 biennium, which amounts to a 6 percent increase over the 1999 biennium rate. This internal charge provides funding for various administrative, clerical, and legal support services provided to the boards. The internal service portion of the program is discussed in the "Proprietary Rates" section that follows.

Present Law Adjustments		Fiscal 2000		Fiscal 2000		Fiscal 2001	
Present Law Description		FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
Statewide Present Law							
Personal Services				99,685			96,082
Inflation/Deflation				13,665			12,459
Fixed Costs				(532)			(482)
Total Statewide Adjustments				\$112,818			\$108,059
Present Law Adjustments							
3903	Licensing Techs FTE (HB0002)	2.00	0	54,399	2.00	0	54,108
3905	Board Operating Expenses (HB0002)	.00	0	104,540	.00	0	100,090
3909	Public Protection (HB0002)	.00	0	172,028	.00	0	179,509
3910	Travel/Per Diem/Debt Serv/Regis.	.00	0	226,615	.00	0	223,473
3911	Indirect Costs/Recharges (HB0002)	.00	0	461,512	.00	0	461,028
3914	Fixed Cost Reductions	.00	0	(2,989)	.00	0	(3,009)
3917	Oracle Programming OTO Base	.00	0	265,890	.00	0	(265,890)
Total PL Adjustments		2.00	\$0	\$1,281,995	2.00	\$0	\$749,309
Present Law Adjustments Total				\$1,394,813			\$857,368

Present Law Adjustments

The table above shows the changes made by the legislature to the adjusted base budget. Statewide adjustments are standard categories of adjustments globally applied by the legislature to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 3903 - Licensing Techs FTE (HB0002) - The legislature added 2.00 FTE for each year and increased state special revenue for administrative support for the Board of Realty Regulation, State Electrical Board, Board of Plumbers, and Board of Cosmetologists.

DP 3905 - Board Operating Expenses (HB0002) - The legislature increased state special revenue for board operating expenses in the:

- 1) Board of Nursing Home Administrators for four additional board, screening panel and continuing education committee meetings, administration of national licensing examinations, and attendance at national and regional meetings;
- 2) Board of Dentistry for increased costs of inspections of dentist offices that provide anesthesia, contracts that support the impaired practitioner program, and administration of the dentistry program licensure examinations;
- 3) Board of Pharmacy for increased costs of investigating complaints, providing educational training, conducting continuing education audits of pharmacists, and observing procedures followed by pharmacists when counseling patients;
- 4) Board of Real Estate Appraisers for increased costs of reviewing industry practices against regulatory standards, annualizing travel expenses not included in the base, and attending national meetings;
- 5) Board of Private Security Patrol Officers & Investigators for increased costs of a training program for security guards, annualizing costs for full board attendance and adding one board meeting per year, attending national meetings, and replacing equipment for producing licensee identification cards;
- 6) Board of Clinical Laboratory Science Practitioners for increased costs of checks of facilities conducting laboratory testing;
- 7) Board of Psychologists for increased costs of adding one more board member; and
- 8) Board of Outfitters to increase the amount of support that is given to assist the covert unit in Fish, Wildlife and Parks that investigates illegal outfitting and hunting activities.

DP 3909 - Public Protection (HB0002) - The legislature increased state special revenue to: 1) establish a \$70,000 annual legal proceeding contingency fund; 2) provide for increases in contracted services, printing, and mailing costs; and 3) purchase reference materials and equipment for processing licensee identification cards. The legislature identified the \$70,000 per year portion of the increase for the legal proceeding contingency fund as a restricted, one-time appropriation for the Professional and Occupational Licensing Division and the Building Codes Division.

DP 3910 - Travel/Per Diem/Debt Serv/Regis. - The legislature increased state special revenue to provide increases to a number of boards in board per diem, overtime for administrative staff, travel, meeting registration fees, and debt service for the purchase of a vehicle.

DP 3911 - Indirect Costs/Recharges (HB0002) - The legislature increased state special revenue to pay indirect costs for services the division receives from the Director's Office/Management Services Division and for recharge payments to the internal service fund of the division.

DP 3914 - Fixed Cost Reductions - The legislature reduced state special revenue to adjust fixed costs for rate reductions that had statewide impacts.

DP 3917 - Oracle Programming OTO Base - The legislature designated that the base expenditures for replacing a portion of the licensing database with a new electronic professional and occupational licensing application using Oracle programming as a one-time appropriation for the 2001 biennium.

New Proposals		Fiscal 2000	Fiscal 2000	Fiscal 2000	Fiscal 2001	Fiscal 2001
Description	FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
3902 HB0598 Compliance FTE (HB0002)	3.00	0	137,555	3.00	0	136,734
3907 FTE Funding Shift	(2.00)	0	(67,029)	(2.00)	0	(66,949)
3916 SB 334 - Revise Board of Outfitters	1.00	0	56,845	1.00	0	51,345
3918 SB 445-Outfitter Tag and River Use	.25	0	16,545	.50	0	16,410
Total New Proposals	2.25	\$0	\$143,916	2.50	\$0	\$137,540

New Proposals

DP 3902 - HB0598 Compliance FTE (HB0002) - The legislature added 3.00 FTE for each year and increased state special revenue to provide staffing and funding to address the delayed processing and accumulated complaint backlog in the Board of Nursing, Board of Professional Engineers and Land Surveyors, and Board of Medical Examiners. The increase was in response to HB 598 passed by the 1997 legislature, which directed that the positions be presented as new proposals to the 1999 legislature.

DP 3907 - FTE Funding Shift - The legislature reduced 2.00 FTE for each year and reduced state special revenue to accomplish a funding shift for licensing specialist positions in the State Electrical Board, Board of Plumbers, and the Chemical Dependency Counselor Program from funding by state special revenue to funding by the division's internal services fund.

DP 3916 - SB 334 - Revise Board of Outfitters - The legislature increased state special revenue for the Board of Outfitters to implement SB 334. SB 334 revised laws related to the Board of Outfitters and revised the membership and appointment procedures of the board.

DP 3918 - SB 445-Outfitter Tag and River Use - The legislature increased state special revenue to implement SB 445. In doing so, the legislature provided funding for 0.25 FTE in fiscal 2000 and 0.50 FTE in fiscal 2001. SB 445 requires fishing outfitters guiding clients on either the Beaverhead or Big Hole Rivers to obtain floating tags and for the Board of Outfitters to prepare a statistical analysis on average annual use. The associated appropriation was made contingent upon passage and approval of SB 445. The Governor has subsequently vetoed SB 445. Therefore, this appropriation is void.

Proprietary Rates

Program Description

The administrative services portion of the Professional and Occupational Licensing Division provides the administrative and clerical services required by the 38 professional boards and occupational licensing programs authorized by state statutes. Services provided include correspondence, application processing, issuing and renewing licenses, administering and grading examinations, taking minutes of board meetings and hearings, and providing legal staff and investigators to investigate legal infractions. The administrative service staff also arrange for meeting and examination facilities; administer and grade examinations; provide legal staff, investigators, and inspectors to investigate legal infractions upon requests from the boards and programs; and initiate disciplinary actions and other legal actions against licensees and unlicensed practitioners.

Boards & Licensing Programs

Boards:

Alternative Health Care Board	Board of Architects
Board of Athletics	Board of Barbers
Board of Chiropractors	Board of Clinical Laboratory Science Practitioners
Board of Cosmetologists	Board of Dentistry
Board of Funeral Service	Board of Hearing Aid Dispensers
Board of Landscape Architects	Board of Medical Examiners
Board of Nursing	Board of Nursing Home Administrators
Board of Occupational Therapy Practice	Board of Optometry
Board of Outfitters	Board of Pharmacy
Board of Physical Therapy Examiners	Board of Plumbers
Board of Psychologists	Board of Public Accountants
Board of Radiologic Technologists	Board of Real Estate Appraisers
Board of Realty Regulation	Board of Respiratory Care Practitioners
Board of Sanitarians	Board of Social Work Examiners and Professional Counselors
Board of Veterinary Medicine	
State Electrical Board	
Board of Private Security Patrol Officers and Investigators	
Board of Professional Engineers & Professional Land Surveyors	
Board of Speech-Language Pathologists and Audiologists	

Occupational Licensing Programs:

Boiler Operators/Engineers	Crane/Hoisting Operators
Chemical Dependency Counselors	Fire Prevention & Permitting
Construction Blasters	

Revenues and Expenses

The stated revenue objective of the Professional and Occupational Licensing Division pool is to assess the common costs of operations to the special revenue accounts on an equitable basis while attempting to maintain an adequate working capital reserve.

Rate Explanation

Recharges are allocated to the state special revenue accounts based upon requested appropriations, less any program direct personal services amounts, for each program. Minor adjustments are made to appropriations for programs that pay for their own office space rent (Board of Medical Examiners, Board of Nursing, and Board of Outfitters). Recharges are calculated by totaling all adjusted state special revenue accounts. Based on the total, a percentage is calculated for each state special revenue account to determine a percentage rate. That rate is then multiplied by the total recharge revenue amount to determine the recharge assessment to each program. Recharges are assessed to supported boards and occupational licensing programs two times per year.

The legislature approved recharge rates of 35.61 percent for fiscal 2000 and 35.68 percent for fiscal 2001.

Significant Present Law

FY99 FTE Transfer (HB0576) - In approving the rates for this proprietary program, the legislature concurred with adding 1.50 FTE in each year that was permanently transferred from the Montana State Lottery to the Professional and Occupational Licensing Division. The FTE in the Montana State Lottery were from vacant positions. The FTE in Professional and Occupational Licensing Division are for administering licensing programs and for compliance work.

Indirect Costs (HB0576) - In approving the rates for this proprietary program, the legislature concurred with the fund paying indirect costs for services the program receives from the Director's Office/Management Services Division.

New Proposals

HB0598 Compliance FTE (HB0576) - In approving the rates for this proprietary program, the legislature concurred with adding 1.00 FTE for each year along with personal service and operating costs to provide staffing to the newly created Compliance Unit.

FTE Funding Shift (HB0576) - In approving the rates for this proprietary program, the legislature concurred with shifting the funding of 2.00 FTE tied to licensing specialist positions in the State Electrical Board, Board of Plumbers, and the Chemical Dependency Counselor Program from funding by state special revenue funds to funding by the Professional and Occupational Licensing Division's internal services fund.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01
FTE	26.50	.00	(.50)	26.00	.00	(.50)	26.00	26.00
Personal Services	821,783	227,725	(13,598)	1,035,910	223,133	(13,519)	1,031,397	2,067,307
Operating Expenses	799,727	259,372	7,291	1,066,390	265,825	2,188	1,067,740	2,134,130
Equipment	13,700	0	0	13,700	14,225	0	27,925	41,625
Grants	2,926,203	0	0	2,926,203	0	0	2,926,203	5,852,406
Debt Service	120	0	0	120	0	0	120	240
Total Costs	\$4,561,533	\$487,097	(\$6,307)	\$5,042,323	\$503,183	(\$11,331)	\$5,053,385	\$10,095,708
General Fund	964,907	216,296	(6,307)	1,174,896	232,287	(11,331)	1,185,863	2,360,759
State/Other Special	163,886	50,825	0	214,711	50,832	0	214,718	429,429
Federal Special	3,432,740	219,976	0	3,652,716	220,064	0	3,652,804	7,305,520
Total Funds	\$4,561,533	\$487,097	(\$6,307)	\$5,042,323	\$503,183	(\$11,331)	\$5,053,385	\$10,095,708

Program Description

The Economic Development Division is comprised of a variety of programs designed to develop and diversify Montana's economy and business climate. The division's goal is to improve the state's economic base through business creation, expansion, and retention efforts. Technical and financial assistance is provided to local development groups, chambers, and similar organizations. Programs include regional development, trade, census and economic information center, small business development centers, business finance, and business location assistance. Economic development responsibilities are mandated primarily in Title 30, Chapter 16; Title 17, Chapter 6; and Title 90, Chapter 1, MCA.

Program Narrative

The Executive Budget for the division included requests totaling \$4.1 million for the biennium that were associated with initiatives included in the Governor's blueprint for economic development, "Jobs and Income - Investing in Montana Families." The functions that were funded by \$3.8 million of these requests were addressed in legislation separate from HB 2. As a result, only \$306,000 federal funding (DP 5101) was approved in HB 2 for economic development initiatives of the division. Please refer to the "Overview" volume of the "Legislative Fiscal Report 2001 Biennium" for a more thorough discussion of the economic development initiatives of the 1999 legislature.

The division will receive an additional \$10.5 million for the biennium via a statutory appropriation from the research and commercialization expendable trust fund established by HB 260. This statutory appropriation is not included in the division tables presented in this section because it is outside the appropriations made in HB 2. It will be used at the direction of the new Board of Research and Commercialization Technology to provide financial assistance for research and commercialization projects to be conducted at research and commercialization centers located in Montana. It will also be used for projects that enhance the production of agriculture and for board operating expenses. HB 260 created the board and administratively attached it to the Department of Commerce.

Funding

The Economic Development Division is funded with a combination of general fund, state special revenue funds, and federal funds. The Census and Economic Information Center, regional development function, and the business location and licensing functions are fully funded by the general fund. Community development block grants are primarily funded with federal funds, but the general fund matches a portion of the costs for administering the grants. The interest from loans to Microbusiness Development Corporations (MBDC's) that are made from the permanent coal tax trust fund provide funding for the administrative expenses of the microbusiness loan program. Trade and international relations activities are funded with general fund and state special revenue from conference fees and the sale of trade directories. Small Business Development Centers are primarily funded with federal funds, but the general fund matches a portion of the administrative costs and state special revenue from private industry partnering provides a portion of the funding.

For the 2001 biennium, general fund provides 23.4 percent of the division's total funding. Federal special revenue provides an additional 72.4 percent and state special revenue provides the remaining 4.2 percent.

The trade program receives additional funding from Montana Promotion Division's allocation of the accommodation tax, amounting to approximately \$200,000 annually. Since accommodation tax revenues are statutorily appropriated, this amount does not require legislative appropriation in HB 2 and as such does not appear in the funding tables. Also, the trade program receives funding from the Growth Through Agriculture program in the Department of Agriculture. The Agriculture Council determines the amount of grant funds to be transferred to the division, which has typically been \$90,000 per year for this purpose. The legislature made the appropriation for the base expenditures associated with the manufacturing extension grant match a one-time only appropriation for the 2001 biennium.

Present Law Adjustments						
Present Law Description	Fiscal 2000 FTE	Fiscal 2000 General Fund	Fiscal 2000 Total Funds	Fiscal 2001 FTE	Fiscal 2001 General Fund	Fiscal 2001 Total Funds
Statewide Present Law						
Personal Services			227,725			223,133
Inflation/Deflation			5,833			4,986
Fixed Costs			27,865			24,363
Total Statewide Adjustments			\$261,423			\$252,482
Present Law Adjustments						
5101 SBDC Federal Matching	.00	0	153,000	.00	0	153,000
5108 Census 2000-OTO	.00	11,664	11,664	.00	37,262	37,262
5111 Administrative Costs (HB0002)	.00	43,454	48,282	.00	42,946	47,718
5113 Trade Show Promotions	.00	0	15,000	.00	0	15,000
5115 Fixed Cost Reductions	.00	(2,272)	(2,272)	.00	(2,279)	(2,279)
Total PL Adjustments	.00	\$52,846	\$225,674	.00	\$77,929	\$250,701
Present Law Adjustments Total			\$487,097			\$503,183

Present Law Adjustments

The table above shows the changes made by the legislature to the adjusted base budget. Statewide adjustments are standard categories of adjustments globally applied by the legislature to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 5101 - SBDC Federal Matching - The legislature increased federal special revenue for the Small Business Development Center Program.

DP 5108 - Census 2000-OTO - The legislature increased general fund for the Census and Economic Information Center to: 1) provide technical assistance to local governments for various census geography programs; 2) implement state government employee initiatives to support Census 2000; 3) provide support to the Denver Regional Census Center and local census offices; 4) establish and implement a statewide committee for Census 2000; and 4) provide support to local committees for Census 2000. The legislature identified this adjustment as a restricted, one-time only appropriation.

DP 5111 - Administrative Costs (HB0002) - The legislature increased general fund by \$86,400, federal special revenue by \$7,600, and state special revenue by \$2,000 for the biennium to pay indirect costs for services the division receives from the Director's Office/Management Services Division.

DP 5113 - Trade Show Promotions - The legislature increased state special revenue for an annual, statewide, Made in Montana Food and Gift Show. The legislature restricted this appropriation for this purpose.

DP 5115 - Fixed Cost Reductions - The legislature reduced general fund to adjust fixed costs for rate reductions that had statewide impacts.

New Proposals		Fiscal 2000	Fiscal 2000	Fiscal 2000	Fiscal 2001	Fiscal 2001	Fiscal 2001
Description		FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
5119	HB 73 Transfer Functions to Revenue	(.50)	(16,307)	(16,307)	(.50)	(16,331)	(16,331)
5120	SB 172-Telephone License Tax Credit	.00	10,000	10,000	.00	5,000	5,000
Total New Proposals		(.50)	(\$6,307)	(\$6,307)	(.50)	(\$11,331)	(\$11,331)

New Proposals

DP 5119 - HB 73 Transfer Functions to Revenue - The legislature reduced general fund to implement HB 73. HB 73 revised license procedures for certain businesses and transferred functions of the Montana Small Business Licensing Coordination Act from the Department of Commerce to the Department of Revenue. In doing so, 0.50 FTE for each year was transferred to the Department of Revenue from the division.

DP 5120 - SB 172-Telephone License Tax Credit - The legislature increased general fund to implement SB 172. SB 172 directs the department to review all applications for telecommunications infrastructure tax credits and forward the list of the telecommunications service providers that are eligible to receive tax credits to the Department of Revenue.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01
FTE	.00	.00	.00	.00	.00	.00	.00	.00
Operating Expenses	649,999	95,940	0	745,939	100,001	0	750,000	1,495,939
Total Costs	\$649,999	\$95,940	\$0	\$745,939	\$100,001	\$0	\$750,000	\$1,495,939
State/Other Special	649,999	95,940	0	745,939	100,001	0	750,000	1,495,939
Total Funds	\$649,999	\$95,940	\$0	\$745,939	\$100,001	\$0	\$750,000	\$1,495,939

Program Description

The Montana Promotion Division is responsible for generating revenues for Montana by increasing the number and expenditures of nonresident visitors and production companies (motion picture and television commercials) in the state. The program works to project a positive image of the state through consumer advertising, publicity, international and domestic group travel marketing, printing and distribution of literature, and marketing to motion picture and television companies. The program spends statutorily appropriated accommodation tax proceeds to provide training and assistance to the Montana tourism industry, oversees expenditures of six regional non-profit corporations, and provides tourism funding for nine specific cities where accommodation tax collections exceed \$140,000. The Montana Promotion Division is primarily mandated in Title 15, Chapter 65, and Title 2, Chapter 15, MCA.

Funding

The primary funding source is from state special revenue that is derived from 67.5 percent of accommodation tax revenue remaining after statutory deductions are made. Statutory deductions are for a distribution for Montana heritage preservation and development (sunsets July 1, 2001), refunding the general fund for the amount of accommodation tax state employees paid, and Department of Revenue collection costs. The funds distributed to the Department of Commerce are statutorily appropriated by 15-65-121, MCA, and are not appropriated in HB 2. The division is also partially funded from state special revenue received from the sale of advertising material and income from conferences and other state agencies. The Montana Promotion Division distributes 22.5 percent of the accommodation tax revenue to regional nonprofit tourism corporations and to certain cities. The remainder is spent by the division for tourism promotion and promotion of the state as a location for motion pictures and television commercials. Table 1 provides an illustration of the accommodation tax distribution.

Table 1 Lodging Facility Use Tax Distribution Fiscal 1994 - Fiscal 2001								
Distribution Basis	Fiscal 1994 Actual	Fiscal 1995 Actual	Fiscal 1996 Actual	Fiscal 1997 Actual	Fiscal 1998 Actual	Fiscal 1999 Estimated	Fiscal 2000 Estimated	Fiscal 2001 Estimated
Gross Facility Use Tax Receipts	\$8,204,873	\$8,976,430	\$9,290,960	\$9,509,673	\$10,008,143	\$10,236,828	\$10,465,513	\$10,779,373
General Fund	4.0 % of gross	\$389,469	\$124,481	\$126,708	\$104,847	\$104,799	\$105,000	\$105,000
Department of Revenue	Cover collection costs	89,182	91,433	88,605	89,808	103,235	105,000	115,000
MT Heritage Preservation & Development	Fixed	0	0	0	400,000	400,000	400,000	400,000
Net Facility Use Tax for Distribution		\$7,726,222	\$8,760,516	\$9,075,647	\$9,315,018	\$9,400,109	\$9,626,828	\$10,159,373
Historical Society	1% of net	\$77,360	\$87,607	\$165,006	\$93,150	\$94,001	\$96,268	\$98,455
Higher Education	2.5% of net	193,081	219,015	225,016	232,876	235,003	240,671	246,138
Fish, Wildlife, & Parks	6.5% of net	509,113	570,239	585,042	605,476	611,007	625,744	639,958
Department of Commerce								
For Department Use	67.5% of net	\$5,215,200	\$5,913,348	\$6,126,062	\$6,287,637	\$6,345,073	\$6,498,109	\$6,645,721
For Distribution to Regions and Cities	22.5% of net	1,738,400	1,971,116	2,042,021	2,095,879	2,115,024	2,166,036	2,285,859

Present Law Adjustments		Fiscal 2000	Fiscal 2000	Fiscal 2000	Fiscal 2001	Fiscal 2001	Fiscal 2001
Present Law Description		FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
Statewide Present Law							
Fixed Costs				(2,792)			(18,731)
Total Statewide Adjustments				(\$2,792)			(\$18,731)
Present Law Adjustments							
5203	Cooperative Marketing (HB0002)	.00	0	98,732	.00	0	118,732
Total PL Adjustments		.00	\$0	\$98,732	.00	\$0	\$118,732
Present Law Adjustments Total				\$95,940			\$100,001

Present Law Adjustments

The table above shows the changes made by the legislature to the adjusted base budget. Statewide adjustments are standard categories of adjustments globally applied by the legislature to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 5203 - Cooperative Marketing (HB0002) - The legislature increased state special revenue for increased participation in private sector, cooperative, advertising campaigns.

Language

"It is the intent of the legislature that funding for the production and distribution of Montana state highway maps come from lodging facilities use tax revenue."

"It is the intent of the legislature that the department use at least \$200,000 of tourism promotion funds each fiscal year for the Lewis and Clark Bicentennial Commission."

Program Proposed Budget								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01
FTE	12.50	1.00	.00	13.50	1.00	.00	13.50	13.50
Personal Services	478,107	57,352	0	535,459	54,031	0	532,138	1,067,597
Operating Expenses	478,123	144,956	0	623,079	138,687	0	616,810	1,239,889
Equipment	0	0	0	0	0	0	0	0
Grants	6,767,299	2,676,548	0	9,443,847	2,376,548	0	9,143,847	18,587,694
Transfers	0	0	0	0	0	0	0	0
Total Costs	\$7,723,529	\$2,878,856	\$0	\$10,602,385	\$2,569,266	\$0	\$10,292,795	\$20,895,180
General Fund	330,573	51,945	0	382,518	50,533	0	381,106	763,624
State/Other Special	730,376	1,168,528	0	1,898,904	865,395	0	1,595,771	3,494,675
Federal Special	6,662,580	1,658,383	0	8,320,963	1,653,338	0	8,315,918	16,636,881
Total Funds	\$7,723,529	\$2,878,856	\$0	\$10,602,385	\$2,569,266	\$0	\$10,292,795	\$20,895,180

Program Description

The Community Development Division is responsible for providing technical assistance regarding: 1) public facilities planning and financing; 2) land use and comprehensive planning; 3) community development and financing; 4) coal and hard rock mining impact mitigation; and 5) general local government research. Stakeholder groups served include planning and zoning commissions, parks and recreational boards, community development groups, community action agencies, private developers, and the public. The division includes: 1) Montana Coal Board; 2) Community Development Block Grant; 3) Community Technical Assistance; 4) Hard Rock Mining Impact Board; and 5) Treasure State Endowment. The Community Development Division work is primarily mandated in Title 90, Chapter 1 and Chapter 6, MCA; and federal authorizations 24 CFR 570, subpart 1; and 42 USC 5301.

Funding

The Hard Rock Mining Board is funded from a 2.5 percent allocation of the metalliferous mines license tax. The Community Development Block Grant program is funded primarily with federal block grant funds. However, the general fund provides a match for a portion of the administrative costs of the program. The Treasure State Endowment Program is funded from interest earnings from the permanent coal tax trust. The Community Technical Assistance Program is funded with general fund and also a portion of coal tax severance collections as allocated for county land planning. The Coal Board is funded from a portion of coal severance tax collections.

The Coal Board and Community Technical Assistance Program (County Land Planning) compete with three other programs (Montana Growth Through Agriculture, State Library Commission, and Conservation Districts) for a share of the 8.36 percent of coal severance tax collections.

For the 2001 biennium, general fund provides 3.7 percent of the division's total funding. Federal special revenue provides an additional 79.6 percent and state special revenue provides the remaining 16.7 percent. Coal severance tax collections provides 70.9 percent of the state special revenue funding.

Present Law Adjustments		Fiscal 2000	Fiscal 2000	Fiscal 2000	Fiscal 2001	Fiscal 2001	Fiscal 2001
Present Law Description		FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
Statewide Present Law							
Personal Services				22,236			19,138
Inflation/Deflation				3,223			2,766
Fixed Costs				13,107			8,510
Total Statewide Adjustments				\$38,566			\$30,414
Present Law Adjustments							
6001	Coal Board Project Funding (HB0002)	.00	0	1,000,000	.00	0	700,000
6002	FTE Transfer Building Codes to TSEP	1.00	0	32,366	1.00	0	32,143
6003	CDBG Grants (HB0002)	.00	0	1,676,548	.00	0	1,676,548
6004	Hard Rock Administration (HB0002)	.00	0	105,475	.00	0	105,475
6005	Community Dev Admin (HB0002)	.00	6,448	27,166	.00	6,133	25,952
6007	Fixed Cost Reductions	.00	(1,265)	(1,265)	.00	(1,266)	(1,266)
Total PL Adjustments		1.00	\$5,183	\$2,840,290	1.00	\$4,867	\$2,538,852
Present Law Adjustments Total				\$2,878,856			\$2,569,266

Present Law Adjustments

The table above shows the changes made by the legislature to the adjusted base budget. Statewide adjustments are standard categories of adjustments globally applied by the legislature to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 6001 - Coal Board Project Funding (HB0002) - The legislature increased state special revenue for Coal Board grants for projects related to mine closures and down sizing.

DP 6002 - FTE Transfer Building Codes to TSEP - The legislature added 1.00 FTE for each year and increased state special revenue for a permanent transfer of 1.00 FTE and funding from the Building Codes Bureau to the Community Development Division. The transferred position is to provide support resulting from workload increases of the Treasure State Endowment Program.

DP 6003 - CDBG Grants (HB0002) - The legislature increased federal special revenue for Community Development Block Grants that provide construction grants, technical assistance, and project administration for public facility and housing projects.

DP 6004 - Hard Rock Administration (HB0002) - The legislature increased state special revenue for Hard Rock Mining Impact Account Reserve expenditures and for per diem and travel to allow the Hard Rock Mining Impact Board to hold four meetings per year. The legislature identified \$100,000 per year of the increase as a separate restricted appropriation to be used for expenditures from the Hard Rock Mining Impact Account Reserve, as allowed by statute.

DP 6005 - Community Dev Admin (HB0002) - The legislature increased general fund by \$12,581, state special revenue by \$34,914, and federal special revenue by \$5,623 for the biennium to pay for indirect costs and recharges to internal services funded support programs within the agency. Indirect costs are for services the division received from the Director's Office/Management Services Division. Recharges are used to cover costs incurred by the staff attorney and administrator for the Local Government Assistance Division while providing services to the Community Development Division.

DP 6007 - Fixed Cost Reductions - The legislature reduced general fund to adjust fixed costs for rate reductions that had statewide impacts.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01
FTE	6.00	.00	.00	6.00	.00	.00	6.00	6.00
Personal Services	249,564	1,077	0	250,641	(401)	0	249,163	499,804
Operating Expenses	119,177	4,037	0	123,214	3,739	0	122,916	246,130
Total Costs	\$368,741	\$5,114	\$0	\$373,855	\$3,338	\$0	\$372,079	\$745,934
General Fund	368,741	5,114	0	373,855	3,338	0	372,079	745,934
Total Funds	\$368,741	\$5,114	\$0	\$373,855	\$3,338	\$0	\$372,079	\$745,934

Program Description

The Local Government Services Division consists primarily of two programs - the Local Government Accounting Systems Program and the Local Government Audit Review Program. The Local Government Accounting Systems Program provides technical assistance and training to local government accounting and financial personnel in the areas of local government finance, accounting, budgeting and financial reporting through on-site visits, telephone assistance, and local government training seminars held at various locations throughout the state on a periodic basis. Program staff also serves as liaisons between local governments and various state agencies. The Local Government Audit Review Program is responsible for defining, reviewing, and enforcing auditing requirements for Montana local governments. Program staff review all of the jurisdictions' annual financial reports and certify compliance of local governments with the state Single Audit Act. Systems program work is mandated primarily in Article VIII, Section 12 of the Montana Constitution; Title 2, Chapters 6 and 7; Title 7, Chapters 1, 2, 3, 5, and 6; Title 19, Chapter 18; Title 20, Chapter 1; and, Title 85, Chapter 7, MCA. Audit review program work is mandated primarily in Title 2, Chapter 7, part 5, MCA.

Funding

The systems portion of the division is funded entirely by the general fund. The audit review section of the bureau is funded entirely by proprietary funds derived from revenue from service fees assessed to local governments for audit review services.

Funding for the Audit Review Program is derived primarily from filing fees paid by local governments that are required to be audited by the Montana Single Audit Act (2-7-514, MCA). Fees are also paid by certified public accountants wishing to be included on the roster of independent auditors authorized to conduct audits of local governments.

Funding for the Defalcation Audit Program is derived from the reimbursable special audit costs received from local government entities undergoing audits or reviews.

Present Law Adjustments						
Present Law Description	Fiscal 2000 FTE	Fiscal 2000 General Fund	Fiscal 2000 Total Funds	Fiscal 2001 FTE	Fiscal 2001 General Fund	Fiscal 2001 Total Funds
Statewide Present Law						
Personal Services			1,077			(401)
Inflation/Deflation			356			338
Fixed Costs			3,681			3,401
Total Statewide Adjustments			\$5,114			\$3,338
Present Law Adjustments Total			\$5,114			\$3,338

Present Law Adjustments

The table above shows the changes made by the legislature to the adjusted base budget. Statewide adjustments are standard categories of adjustments globally applied by the legislature to all agencies.

Program Description

The Local Government Assistance Administration Program provides the Local Government Assistance Division with professional administration and legal services. The program supervises both the Community Development Bureau and the Local Government Services Bureau. Supported programs include: 1) Montana Coal Board; 2) Community Development Block Grant Program; 3) Community Technical Assistance Program; 4) Hard Rock Mining Impact Board; 5) Treasure State Endowment Program; 6) Local Government Audit Review Program; and 7) Local Government Accounting Systems Program. The Local Government Assistance Administration program functions under multiple federal and state authorities that enable and mandate the individual programs functioning in the Local Government Assistance Division.

The Local Government Assistance Administration Program is funded from a proprietary fund that receives revenue from recharges paid by the Hard Rock Mining Impact Board, Coal Board, Community Development Bureau, and Local Government Services Bureau.

Funding

The program is funded by proprietary funds (internal service) that receives revenue from recharges paid by the Hard Rock Mining Impact Board, Coal Board, Community Development Division, and Local Government Services Division.

Proprietary Rates**Revenues and Expenses**

The actual operating costs of this administrative unit are charged to each of the supported boards and programs based upon the amount of time dedicated to the program. Recharges are billed on the basis of reported time on the pay period time sheets. Generally, the Local Government Assistance Administration Program does not budget for administrative costs beyond those directly associated with personal services. Rather, these costs incurred by the administrator or the legal counsel are billed directly to the board or program the activity supports.

The Local Government Assistance Administration Program does not receive any direct appropriations. Funding for the Local Government Assistance Administration program is derived entirely by charges to supported boards and programs. The working capital calculation was not considered in the determination of rates.

Rate Explanation

The Local Government Assistance Administration Program rate is calculated by dividing the programs total cost by the supported programs requested budgets. The calculated rate is the lowest possible rate as indicated by the negative fund balance, which is a reflection of non-budgeted activities such as compensated absences. There is no reserved fund balance for this administrative program.

The legislature approved recharge rates of 1.33 percent for each year.

Significant Present Law

LGA 2001 Biennium Indirect/Administrative Costs - In approving the rates for this proprietary program the legislature concurred with the increase for paying the indirect costs for support the program receives from the Director's Office/Management Services Division.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01
FTE	59.00	(1.00)	.00	58.00	(1.00)	.00	58.00	58.00
Personal Services	1,631,706	440,110	0	2,071,816	430,563	0	2,062,269	4,134,085
Operating Expenses	708,127	133,266	27,200	868,593	128,790	27,200	864,117	1,732,710
Equipment	295,741	(215,741)	0	80,000	(151,741)	0	144,000	224,000
Total Costs	\$2,635,574	\$357,635	\$27,200	\$3,020,409	\$407,612	\$27,200	\$3,070,386	\$6,090,795
State/Other Special	2,635,574	357,635	27,200	3,020,409	407,612	27,200	3,070,386	6,090,795
Total Funds	\$2,635,574	\$357,635	\$27,200	\$3,020,409	\$407,612	\$27,200	\$3,070,386	\$6,090,795

Program Description

The Building Codes Division, in accordance with Title 50, Chapter 60, and Title 50, Chapter 74, MCA, establishes and enforces minimum building, plumbing, mechanical, electrical, energy, elevator, and boiler codes. When possible, the division approves and certifies local government code enforcement programs to utilize codes adopted by the program. The division also assists the Board of Plumbers and the State Electrical Board with license law enforcement by checking for proper licensing when inspecting projects for code compliance.

Funding

The Building Codes Division is funded entirely from inspection fees deposited in the state special revenue fund.

Present Law Adjustments							
Present Law Description		Fiscal 2000 FTE	Fiscal 2000 General Fund	Fiscal 2000 Total Funds	Fiscal 2001 FTE	Fiscal 2001 General Fund	Fiscal 2001 Total Funds
Statewide Present Law							
Personal Services				472,476			462,706
Inflation/Deflation				1,831			1,831
Fixed Costs				25,036			21,565
Total Statewide Adjustments				\$499,343			\$486,102
Present Law Adjustments							
6501	Vehicle Replacement (HB0002)	.00	0	(215,741)	.00	0	(151,741)
6502	Travel Costs/Indirect (HB0388)	.00	0	108,063	.00	0	107,063
6503	FY99 FTE Transfer to TSEP(HB0002)	(1.00)	0	(32,366)	(1.00)	0	(32,143)
6504	Fixed Cost Reductions	.00	0	(1,664)	.00	0	(1,669)
Total PL Adjustments		(1.00)	\$0	(\$141,708)	(1.00)	\$0	(\$78,490)
Present Law Adjustments Total				\$357,635	\$407,612		

Present Law Adjustments

The table above shows the changes made by the legislature to the adjusted base budget. Statewide adjustments are standard categories of adjustments globally applied by the legislature to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 6501 - Vehicle Replacement (HB0002) - The legislature reduced state special revenue to adjust the base for purchasing 14 replacement vehicles in the 2001 biennium.

DP 6502 - Travel Costs/Indirect (HB0388) - The legislature increased state special revenue for travel related communication costs and indirect costs for five inspectors and one auditor that were added by the passage of HB 388 in the 1997 legislature but were not filled during the base year. Indirect costs pay for services the division received from the Director's Office/Management Services Division.

DP 6503 - FY99 FTE Transfer to TSEP(HB0002) - The legislature reduced 1.00 FTE in each year and reduced state special revenue for a permanent transfer of 1.00 FTE and funding from the Building Codes Division to the Community Development Division.

DP 6504 - Fixed Cost Reductions - The legislature reduced state special revenue to adjust fixed costs for rate reductions that had statewide impacts.

New Proposals						
Description	Fiscal 2000 FTE	Fiscal 2000 General Fund	Fiscal 2000 Total Funds	Fiscal 2001 FTE	Fiscal 2001 General Fund	Fiscal 2001 Total Funds
6505 HB 245 - Affordable Housing Codes	.00	0	27,200	.00	0	27,200
Total New Proposals	.00	\$0	\$27,200	.00	\$0	\$27,200

New Proposals

DP 6505 - HB 245 - Affordable Housing Codes - The legislature increased state special revenue for contracted services to implement HB 245. HB 245 implemented a continuing education program related to affordable housing land use initiatives. Funding for the new continuing education program is based upon 0.5 percent of building permit fees collected by the division and local code enforcement programs.

Program Description

The Health Facility Authority, created by the 1983 legislature, is governed by a seven-member quasi-judicial board. The Governor, with the advice and consent of the senate, appoints board members to four-year terms. The Health Facility Authority was created to assist health care facilities in containing future health care costs by offering debt financing or refinancing at low-cost, tax-exempt interest rates for buildings and capital equipment. These cost savings are shared with the health care consumer in the form of lower health facility fees. The operating costs are reimbursed with fees charged to the borrowers. The Health Facility Authority utilizes no public funds. The Health Facility Authority is mandated in Title 90, Chapter 7 and Title 2, Chapter 15, MCA.

The Health Facility Authority is funded from a proprietary fund with revenues derived from initial and annual fees that are assessed to the clients for their individual financing and investment earnings.

Funding

The Health Facility Authority is funded entirely by proprietary funds (enterprise type) from revenues collected from interest, fees, and charges from participating institutions in connection with making and servicing its lease agreements, loan agreements, and other indebtedness.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01
FTE	2.00	(1.00)	(1.00)	.00	(1.00)	(1.00)	.00	.00
Personal Services	23,787	19,686	(43,473)	0	19,380	(43,167)	0	0
Operating Expenses	41,816	2,213	(44,029)	0	2,122	(43,938)	0	0
Grants	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0
Debt Service	2,974	1,212	(4,186)	0	1,212	(4,186)	0	0
Total Costs	\$68,577	\$23,111	(\$91,688)	\$0	\$22,714	(\$91,291)	\$0	\$0
State/Other Special	68,577	23,111	(91,688)	0	22,714	(91,291)	0	0
Total Funds	\$68,577	\$23,111	(\$91,688)	\$0	\$22,714	(\$91,291)	\$0	\$0

Program Description

Until the end of the 1999 biennium, the Montana Science and Technology Alliance (MSTA) invested state funds in science and technology projects through three programs: 1) the Seed Capital Financing Program; 2) the Research and Development Financing Program; and 3) the JOB Investment Act Loan (JIL) Program. MSTA responsibilities are mandated primarily in Title 90, Chapter 3, MCA which is scheduled to be repealed on July 1, 1999.

Funding

The 1997 legislature passed HB 578, which eliminated all funding for the Montana Science and Technology Alliance Program except for the use of state special revenue funds from principal payments on loans made by the Montana Board of Science and Technology seed capital and research and development loan portfolios. The 1999 legislature transferred this funding and the remaining functions of the program to the Board of Investments.

Present Law Adjustments		Fiscal 2000		Fiscal 2000		Fiscal 2001	
Present Law Description		FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
Statewide Present Law							
Personal Services				81,589			80,834
Inflation/Deflation				80			80
Fixed Costs				(85)			(121)
Total Statewide Adjustments				\$81,584			\$80,793
Present Law Adjustments							
7301	Reduce 1.00 FTE	(1.00)	0	(61,903)	(1.00)	0	(61,454)
7302	Indirect Cost Allocation (HB0002)	.00	0	2,218	.00	0	2,163
7303	JIL Loan Servicing (HB0002)	.00	0	1,212	.00	0	1,212
Total PL Adjustments		(1.00)	\$0	(\$58,473)	(1.00)	\$0	(\$58,079)
Present Law Adjustments Total				\$23,111	\$22,714		

Present Law Adjustments

The table above shows the changes made by the legislature to the adjusted base budget. Statewide adjustments are standard categories of adjustments globally applied by the legislature to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 7301 - Reduce 1.00 FTE - The legislature reduced 1.00 FTE in each year and reduced state special revenue for a permanent transfer made by the executive during the 1999 biennium of 1.00 FTE and funding from the Montana Science and Technology Alliance to the Board of Investments. HB 578 passed by the 1997 legislature made major changes in the Montana Science and Technology Alliance. As a result of HB 578, the Montana Board of Science and Technology Development was terminated at the end of fiscal 1999 and the program's investment portfolio was transferred to the Board

of Investments to manage in the 1999 biennium. New proposal 7304 transfers the remaining functions of the alliance to the Board of Investments.

DP 7302 - Indirect Cost Allocation (HB0002) - The legislature increased state special revenue to pay the program's allocation for indirect costs for services the program's functions would receive from the Director's Office/Management Services Division.

DP 7303 - JIL Loan Servicing (HB0002) - The legislature increased state special revenue for loan servicing costs associated with a loan to Pasta Montana.

New Proposals							
Description		Fiscal 2000 FTE	Fiscal 2000 General Fund	Fiscal 2000 Total Funds	Fiscal 2001 FTE	Fiscal 2001 General Fund	Fiscal 2001 Total Funds
7304	Move MSTA to BOI (HB0002)	(1.00)	0	(91,688)	(1.00)	0	(91,291)
Total New Proposals		(1.00)	\$0	(\$91,688)	(1.00)	\$0	(\$91,291)

New Proposals

DP 7304 - Move MSTA to BOI (HB0002) - The legislature reduced 1.00 FTE in each year and reduced state special revenue to transfer the remaining functions of the Montana Science and Technology Alliance program to the Board of Investments.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01
FTE	17.00	(1.00)	6.00	22.00	(1.00)	7.00	23.00	23.00
Personal Services	537,009	39,749	176,480	753,238	37,520	204,674	779,203	1,532,441
Operating Expenses	329,640	159,992	118,963	608,595	143,322	75,792	548,754	1,157,349
Equipment	0	16,000	0	16,000	0	0	0	16,000
Grants	17,494,162	3,283,279	8,071,200	28,848,641	4,084,962	10,485,320	32,064,444	60,913,085
Total Costs	\$18,360,811	\$3,499,020	\$8,366,643	\$30,226,474	\$4,265,804	\$10,765,786	\$33,392,401	\$63,618,875
Federal Special	18,360,811	3,499,020	8,366,643	30,226,474	4,265,804	10,765,786	33,392,401	63,618,875
Total Funds	\$18,360,811	\$3,499,020	\$8,366,643	\$30,226,474	\$4,265,804	\$10,765,786	\$33,392,401	\$63,618,875

Program Description

The Housing Division includes the Home Investment Partnerships Program (HOME), the Section 8 Housing Program, and the Board of Housing and its programs. The HOME program provides grant funds to eligible local governments and Community Housing Development Organizations for assistance in financing new construction or rehabilitation of individual homes or rental units, tenant-based rental assistance, and other eligible activities. The Section 8 Housing program works to provide rental assistance through Housing and Urban Development (HUD) Section 8 authority on behalf of low-income families and the elderly. The Board of Housing is a seven-member, quasi-judicial board appointed by the Governor that is administratively attached to the Department of Commerce. The board administers: 1) the Low-Income Housing Tax Credit program, which provides a tax credit to rental housing owners when the owner agrees to rent only to tenants below a maximum income level; 2) the Multi-Family Loan Program which provides mortgage financing to owners of qualifying housing; 3) the Reverse Annuity Mortgage Program which provides income for elderly Montanans based on the equity they have built up in their home; and 4) Single Family Programs which provide assistance in financing the purchase of a home for low to moderate-income Montanans. The Housing Division work is mandated primarily in Title 2, Chapter 15; Title 90, Chapter 1, and Chapter 6, MCA; 24 CFR 91, and 92; 24 CFR 5, 792, 813, 887, 982, and 984; and the Governor's Executive Order 27-81.

Funding

The HOME and Section 8 Housing portions of the Housing Division are funded entirely with federal funds. The Board of Housing portion of the Housing Division is funded by proprietary (enterprise type) funds derived from an administrative charge applied to mortgages financed and therefore does not require an appropriation.

Present Law Adjustments		Fiscal 2000	Fiscal 2000	Fiscal 2000	Fiscal 2001	Fiscal 2001	Fiscal 2001
Present Law Description		FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
Statewide Present Law							
Personal Services				69,286			66,855
Inflation/Deflation				3,185			2,771
Fixed Costs				20,748			5,158
Total Statewide Adjustments				\$93,219			\$74,784
Present Law Adjustments							
7406	LAN Server (HB0002)	.00	0	16,000	.00	0	0
7409	Consolidated Plan/HAP Pmts (HB0002)	.00	0	107,619	.00	0	107,161
7410	Section 8/HOME Grants (HB0002)	.00	0	3,283,279	.00	0	4,084,962
7414	Fixed Cost Reductions (HB0002)	.00	0	(1,097)	.00	0	(1,103)
7416	FTE Reduction	(1.00)	0	0	(1.00)	0	0
Total PL Adjustments		(1.00)	\$0	\$3,405,801	(1.00)	\$0	\$4,191,020
Present Law Adjustments Total				\$3,499,020			\$4,265,804

Present Law Adjustments

The table above shows the changes made by the legislature to the adjusted base budget. Statewide adjustments are standard categories of adjustments globally applied by the legislature to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 7406 - LAN Server (HB0002) - The legislature increased federal special revenue to purchase a server for the division's local area network.

DP 7409 - Consolidated Plan/HAP Pmts (HB0002) - The legislature increased federal special revenue for the preparation and printing of the Consolidated Plan, modification of the Utility Allowance System, computer training support, legal support, printing of loan forms, and to pay for indirect costs for services the HOME and Section 8 Housing portions of the Housing Division receives from the Director's Office/Management Services Division.

DP 7410 - Section 8/HOME Grants (HB0002) - The legislature increased federal special revenue for grants to local governments and Community Housing Development Organizations to assist in financing new construction or rehabilitation of individual home or rental units.

DP 7414 - Fixed Cost Reductions (HB0002) - The legislature reduced federal special revenue to adjust fixed costs for rate reductions that had statewide impacts.

DP 7416 - FTE Reduction - The legislature reduced 1.00 FTE for each year and moved the associated funding from personal services to operating expenses.

New Proposals							
Description	Fiscal 2000 FTE	Fiscal 2000 General Fund	Fiscal 2000 Total Funds	Fiscal 2001 FTE	Fiscal 2001 General Fund	Fiscal 2001 Total Funds	
7401 HUD Contract Expiration (HB0002)	1.51	0	8,150,811	2.51	0	10,594,110	
7413 HUD Contract Administration (HB0002)	4.49	0	215,832	4.49	0	171,676	
Total New Proposals	6.00	\$0	\$8,366,643	7.00	\$0	\$10,765,786	

New Proposals

DP 7401 - HUD Contract Expiration (HB0002) - The legislature added 1.51 FTE in fiscal 2000 and 2.51 FTE in fiscal 2001 and increased federal special revenue for the division to assist with converting existing project-based Housing and Urban Development (HUD) housing contracts to tenant-based contracts as the existing contracts expire. In approving this authority, the legislature identified this as a restricted appropriation and stated that the additional FTE are contingent upon the division experiencing the anticipated volume of expiring contracts and that the FTE may not be added until the workload justifies the addition.

DP 7413 - HUD Contract Administration (HB0002) - The legislature added 4.50 FTE in each year and increased federal special revenue to administer Housing and Urban Development (HUD) housing assistance payment contracts that HUD anticipates no longer administering but passing to others through devolution. In approving this authority and the FTE increase, the legislature identified this as a restricted appropriation and made adding FTE and the appropriation contingent upon the division being the successful bidder for this function.

Language

"The appropriation in item 9b [Section 8 Housing contract Expiration] is restricted to providing federal housing grants and for providing administrative assistance to existing housing assistance recipients as their Housing and Urban Development Administration Section 8 contracts expire and are renegotiated as tenant-based assistance. The addition of funding for up to 1.5 FTE in fiscal 2000 and up to 2.5 FTE in fiscal 2001 is contingent upon the Housing Division experiencing the anticipated volume of expiring contracts. The FTE may not be added until the workload justifies the addition."

"The appropriation in item 9c [Section 8 Housing Contract Administration] is restricted to administering Housing and

Urban Development (HUD) Administration housing assistance payment contracts that HUD anticipates no longer administering but passing to others through devolution. The appropriation, including funding for up to 4.5 FTE in each year, is contingent upon the Housing Division being the successful bidder for this function."

Program Proposed Budget								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01
FTE	.00	.00	.50	.50	.00	.50	.50	.50
Personal Services	0	0	23,356	23,356	0	23,203	23,203	46,559
Operating Expenses	0	0	2,458	2,458	0	2,611	2,611	5,069
Transfers	0	0	0	0	0	0	0	0
Debt Service	0	0	4,186	4,186	0	4,186	4,186	8,372
Total Costs	\$0	\$0	\$30,000	\$30,000	\$0	\$30,000	\$30,000	\$60,000
State/Other Special	0	0	30,000	30,000	0	30,000	30,000	60,000
Total Funds	\$0	\$0	\$30,000	\$30,000	\$0	\$30,000	\$30,000	\$60,000

Program Description

Staff of the Board of Investments manages the unified investment program for public funds, required under Article VIII, Section 13 of the Montana Constitution. Six investment pools and several individual portfolios are managed. The six investment pools are: 1) the retirement fund bond pool; 2) the trust fund bond pool; 3) the short-term investment pool; 4) the domestic stock pool; 5) the international stock pool; and 6) the real estate investment trust stock pool. Annual audited financial statements are prepared for each investment pool. All individual portfolios that do not invest in the pools are included in an "all other funds" financial statement.

The in-state investment program consists of Montana residential and commercial loans. The board is also responsible for administering several programs that issue bonds for the purpose of assisting local governments and eligible state agencies and encouraging economic development.

Funding

The Board of Investments is funded with both enterprise and internal service type proprietary funds. The 1999 legislature transferred the remaining HB 2 functions of the Montana Science and Technology Alliance to the Board of Investments and only this portion of program shows up on the following table.

New Proposals							
Description		Fiscal 2000 FTE	Fiscal 2000 General Fund	Fiscal 2000 Total Funds	Fiscal 2001 FTE	Fiscal 2001 General Fund	Fiscal 2001 Total Funds
7505	Move MSTA to BOI (HB0002)	.50	0	30,000	.50	0	30,000
Total New Proposals		.50	\$0	\$30,000	.50	\$0	\$30,000

New Proposals

DP 7505 - Move MSTA to BOI (HB0002) - The legislature added 0.50 FTE for each year and increased state special revenue to move the functions of the Montana Science and Technology Alliance to the Board of Investments.

Proprietary Rates

Revenues and Expenses

The board does not receive any direct appropriations. Funding is derived entirely from charges to each portfolio that the board invests and is used to finance the investment program. Enterprise funding is derived from fees charged to borrowers by the difference between the interest earned from loans to borrowers and interest paid to bond holders and monthly revenues received from the Montana Health Facility Authority contract and is used to finance the bond programs. Non-budgeted revenues are used to finance statutorily appropriated debt service expenditures.

Rate Explanation

The Board of Investments is funded by both enterprise and internal service type proprietary funds. As such, the

legislature only approved rates for the internal service portion of the program and did not approve the program's budget.

The legislature approved Board of Investments administrative charges of \$2,150,000 in fiscal 2000 and \$2,000,000 in fiscal 2001.

Significant Present Law

Board of Investments Relocation and Rent Costs - In approving the administrative charges for this proprietary program, the legislature concurred with the Board of Investments moving into this new building in fiscal 2000 and the increases associated with initial voice and data wiring for the building and increased rental costs.

Board of Investments 2001 Biennium Administrative Costs - In approving the administrative charges for this proprietary program, the legislature concurred with increases for board per diem, and interface to the MTPRRIME system, contracted legal services, and indirect costs paid to the Director's Office/Management Services Division for providing services to the Board of Investments.

Board of Investments Document Imaging System - In approving the administrative charges for this proprietary program, the legislature concurred with the board purchasing electronic document imaging equipment to eliminate the need for more paper storage space.

Program Description

The Montana State Lottery Program designs and markets lottery games that allow players to purchase chances at winning a prize. The lottery presently offers a variety of games, some in cooperation with other lotteries through the Multi-State Lottery Association (MUSL). Montana Cash is exclusively a Montana lottery game. A five-member state lottery commission, appointed by the Governor, sets policy and oversees activities and procedures of the program. The Governor also appoints a lottery director who is responsible for coordinating the lottery's marketing, sales, operations, security and administrative efforts. By law, a minimum of 45 percent of the revenues derived from the sale of lottery tickets is distributed to prizes, but the actual overall prize distribution is over 50 percent of revenue. The remaining net revenue, after sales commissions and operating expenses, is deposited in the general fund on a quarterly basis. The Montana State Lottery is mandated primarily by Title 23, Chapter 7, MCA.

The Montana State Lottery is funded from an enterprise fund with revenue derived primarily from the sales of lottery tickets. The opportunity to play a lottery game is provided through the purchase of a ticket. Ticket prices are set with the state lottery commission's approval. The lottery also assesses a one-time \$50 fee to applicants for lottery retailer licenses. This fee is established in state statute.

Funding

The Lottery is funded entirely by an enterprise type proprietary fund.

Proprietary Rates**Revenues and Expenses**

The fees charged are established by the state lottery commission as authorized by Title 23, Chapter 7, part 202(5), MCA. The commission has set the price of each on-line game ticket at \$1.00. Scratch ticket games cost either \$1.00 or \$2.00 depending upon the specific game.

Rate Explanation

The price per ticket rate is established by the Lottery Commission. The Lottery is funded by an enterprise type proprietary funds. As such, the legislature does not approve rates or budgets for the Lottery. However, SB 55 has been signed by the governor and will require the Lottery to submit a budget to the 2001 legislature. SB 55 changes the requirement to submit a budget and establish appropriations for certain proprietary funds that transfer excess revenues to the general fund.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01
FTE	3.78	.00	.00	3.78	.00	.00	3.78	3.78
Personal Services	108,920	33,862	0	142,782	32,877	0	141,797	284,579
Operating Expenses	88,299	6,879	0	95,178	6,559	0	94,858	190,036
Total Costs	\$197,219	\$40,741	\$0	\$237,960	\$39,436	\$0	\$236,655	\$474,615
State/Other Special	197,219	40,741	0	237,960	39,436	0	236,655	474,615
Total Funds	\$197,219	\$40,741	\$0	\$237,960	\$39,436	\$0	\$236,655	\$474,615

Program Description

The Board of Horseracing Program is responsible for: 1) regulating the live and simulcast horse racing industry; 2) ensuring compliance with state laws and board rules by licensees; 3) licensing all racing personnel, establishing race dates for various communities, and establishing veterinary practices and standards in connection with horse racing meets; and 4) the auditing, supervision, and investigations related to the pari-mutuel racing system in Montana. The program work is mandated in Title 2, Chapter 15, and Title 23, Chapter 4, MCA.

Funding

The Board of Horseracing is funded with state special revenue derived from a 1 percent tax on gross betting receipts from pari-mutuel betting. For simulcast facilities, the tax is the greater of 1 percent of gross betting receipts or the actual cost to the board for regulating the meet.

Present Law Adjustments		Fiscal 2000		Fiscal 2000		Fiscal 2001	
Present Law Description		FTE	General Fund	Total Funds	FTE	General Fund	Total Funds
Statewide Present Law							
Personal Services				32,662			31,677
Inflation/Deflation				126			126
Fixed Costs				2,743			2,523
Total Statewide Adjustments				\$35,531			\$34,326
Present Law Adjustments							
781	Administrative Costs (HB0002)	.00	0	5,406	.00	0	5,306
782	Fixed Cost Reductions	.00	0	(196)	.00	0	(196)
Total PL Adjustments		.00	\$0	\$5,210	.00	\$0	\$5,110
Present Law Adjustments Total				\$40,741			\$39,436

Present Law Adjustments

The table above shows the changes made by the legislature to the adjusted base budget. Statewide adjustments are standard categories of adjustments globally applied by the legislature to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 781 - Administrative Costs (HB0002) - The legislature increased state special revenue for board per diem and for indirect costs to pay for services the board receives from the Director's Office/Management Services Division.

DP 782 - Fixed Cost Reductions - The legislature reduced state special revenue to adjust fixed costs for rate reductions that had statewide impacts.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 1998	PL Base Adjustment Fiscal 2000	New Proposals Fiscal 2000	Total Leg. Budget Fiscal 2000	PL Base Adjustment Fiscal 2001	New Proposals Fiscal 2001	Total Leg. Budget Fiscal 2001	Total Leg. Budget Fiscal 00-01
FTE	3.25	.00	2.00	5.25	.00	2.00	5.25	5.25
Personal Services	95,910	38,646	59,738	194,294	38,196	59,330	193,436	387,730
Operating Expenses	36,633	69,783	55,655	162,071	50,859	65,965	153,457	315,528
Equipment	0	0	0	0	0	0	0	0
Total Costs	\$132,543	\$108,429	\$115,393	\$356,365	\$89,055	\$125,295	\$346,893	\$703,258
General Fund	113,699	40,142	115,393	269,234	35,917	100,295	249,911	519,145
State/Other Special	18,844	68,287	0	87,131	53,138	25,000	96,982	184,113
Total Funds	\$132,543	\$108,429	\$115,393	\$356,365	\$89,055	\$125,295	\$346,893	\$703,258

Program Description

The Consumer Affairs Office, in accordance with Title 30, Chapter 14 and Title 61, Chapter 4, MCA, advocates, on behalf of Montana consumers, in matters of unfair or deceptive acts in the conduct of any business. The office investigates consumer complaints and provides for an informal mediation process for consumer complaints against businesses. The office enforces Montana consumer protection laws and regulations relating to the New Motor Vehicle Warranty Act, Consumer Protection Act, Personal Solicitation Act, and the Unfair Trade Practices Act. The office ensures a healthy business environment by preventing groundless consumer complaints against Montana businesses and providing those businesses with the opportunity to resolve legitimate consumer complaints in a manner resulting in stronger business relationships with consumers. The office also licenses post-secondary proprietary schools and maintains academic records for post-secondary schools that are no longer in existence.

Funding

The Consumer Affairs Office is funded from the general fund and state special revenue funds. State special revenue is from a \$1 per vehicle distribution of revenue from taxes collected upon the sale of new motor vehicles. Other state special revenue is from court settlements received as a result of litigation of consumer law violations and will fluctuate depending upon the number and size of settlements. For the 2001 biennium, general fund provides 73.8 percent of the program's total funding, with the remaining 26.2 percent funded by state special revenue.

Present Law Adjustments						
Present Law Description		Fiscal 2000 FTE	Fiscal 2000 General Fund	Fiscal 2000 Total Funds	Fiscal 2001 FTE	Fiscal 2001 General Fund
Statewide Present Law						
Personal Services				24,289		23,923
Inflation/Deflation				140		131
Fixed Costs				5,015		4,895
Total Statewide Adjustments				\$29,444		\$28,949
Present Law Adjustments						
7901	Consumers Attorney (HB0002)	.00	32,654	26,107	.00	28,769
7902	Consumer Ed Settlement(HB0002)	.00	0	29,176	.00	0
7903	Lemon Law Arbitration (HB0002)	.00	0	16,000	.00	0
7904	Administrative Costs (HB0002)	.00	5,872	7,986	.00	5,841
7905	Fixed Cost Reductions	.00	(284)	(284)	.00	(285)
Total PL Adjustments		.00	\$38,242	\$78,985	.00	\$34,325
Present Law Adjustments Total				\$108,429		\$89,055

Present Law Adjustments

The table above shows the changes made by the legislature to the adjusted base budget. Statewide adjustments are standard categories of adjustments globally applied by the legislature to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 7901 - Consumers Attorney (HB0002) - The legislature increased general fund by \$61,423 and reduced state special revenue by \$13,043 for the biennium for the office to change the classification of an existing vacant 0.50 FTE administrative position to an attorney. The attorney would investigate and prosecute cases involving violations of consumer laws.

DP 7902 - Consumer Ed Settlement(HB0002) - The legislature increased state special revenue to promote consumer education and protection.

DP 7903 - Lemon Law Arbitration (HB0002) - The legislature increased state special revenue for operating costs to contract for lemon law arbitration and arbitration training.

DP 7904 - Administrative Costs (HB0002) - The legislature increased general fund by \$11,713 and state special revenue by \$4,215 for the biennium for indirect costs to pay for services the office receives from the Director's Office/Management Services Division, for additional legal journals and publications to remain current with various statutes, regulations, and rules, and for access to the Westlaw Legal Library.

DP 7905 - Fixed Cost Reductions - The legislature reduced general fund to adjust fixed costs for rate reductions that had statewide impacts.

New Proposals						
Description	Fiscal 2000 FTE	Fiscal 2000 General Fund	Fiscal 2000 Total Funds	Fiscal 2001 FTE	Fiscal 2001 General Fund	Fiscal 2001 Total Funds
7906 SB 27 - Telemarketing Fraud Prev.	2.00	115,393	115,393	2.00	100,295	125,295
Total New Proposals	2.00	\$115,393	\$115,393	2.00	\$100,295	\$125,295

New Proposals

DP 7906 - SB 27 - Telemarketing Fraud Prev. - The legislature increased general fund by \$215,688 and state special revenue by \$25,000 for the biennium to implement SB 27. SB 27 directs the department to register and regulate telemarketers doing business in Montana.

Program Description

The Director's Office/Management Services Division consists of two programs - the Director's Office and the Management Services Division. The Director's Office assists the department with executive, administrative, legal, and policy guidance. This office acts as the liaison among private business, local governments, administratively attached boards, public and private interest groups, the legislature, Indian tribes, individuals, and the Governor's office. The Management Services Division provides internal support to all agency programs. Services provided by the Management Services Division include accounting and fiscal, budgeting and information systems, contracting and purchasing, personnel administration, payroll, and training.

The Director's Office/Management Services Division is funded from an internal service fund with revenues from charges allocated to programs supported by the indirect cost plan. Indirect costs are allocated to supported programs based upon a federally approved indirect cost rate that is applied against the actual personal service expenditures of the supported programs.

Funding

The Director's Office/Management Services Division is funded by an internal service type proprietary fund from indirect costs charged to all agency programs.

Proprietary Rates**Rate Explanation**

Indirect costs are allocated to supported programs by an indirect cost rate that is applied to supported divisions and programs actual personal services expenditures. The indirect cost rate is calculated by dividing the projected annual expenditures of the Director's Office/Management Services Division plus a working capital reserve by the projected actual personal services amounts estimated to be incurred by the supported divisions, bureaus, and programs.

The legislature approved indirect cost rates of 9.85 percent for each year.

Significant Present Law

Fiscal 1999 FTE transfer for Oracle database conversions - In approving the rates for this proprietary program, the legislature concurred with a permanent transfer of 1.00 FTE from the Montana Lottery to the Director's Office/Management Services Division. The FTE in the Montana Lottery was from vacant positions. The FTE in Director's Office/Management Services Division is being used to assist with Oracle database programming conversions and maintenance, and upgrades to the department's Internet websites.